

# **CHAPTER 208-440 WAC**

## **CREDIT UNION PARTICIPATION IN COMMERCIAL ARRANGEMENTS WITH THIRD PARTIES**

*(Formerly chapter 419-40 WAC)*

*Last Update: 8/20/96*

### **WAC**

**208-440-010** – Commercial arrangements with third parties.

### **DISPOSITION OF SECTIONS FORMERLY CODIFIED IN THIS CHAPTER**

**208-440-020** – Endorsements of commercial products or services. Repealed by 00-22-037, filed 10/25/00, effective 11/25/00.

**208-440-030** – Offering of gifts, prizes and premiums. [Recodified as § 208-440-030, filed 2/23/96, effective 6/1/96. Statutory Authority: RCW 31.12.360. 79-08-047 (Order 79-2), § 419-40-030, filed 7/19/79.] Repealed by 96-17- 072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].

**208-440-040** – Use of credit union space to advertise commercial products and services. Repealed by 00-22-037, filed 10/25/00, effective 11/25/00.

**208-440-050** – Commercial programs offered to credit union members. Repealed by 00-22-037, filed 10/25/00, effective 11/25/00.

**WAC 208-440-010 – Commercial arrangements with third parties.** (1) Credit unions may enter into arrangements with third parties in order for the third party or credit union to offer the third party's products and services to the credit union's members. These arrangements are referred to in this rule as commercial arrangements.

In connection with commercial arrangements, credit unions may:

- (a) Allow third parties to offer products and services to members through the credit union;
  - (b) Endorse, directly or indirectly, products and services of a third party;
  - (c) Enter into group purchasing arrangements with third parties;
  - (d) Receive payment from third parties for participation in commercial arrangements;
- and
- (e) Rent, lease or sublease portions of their land and buildings to third parties to offer products and services to members.

This list is not intended to be exhaustive.

As used in this rule, the term "third party" includes, but is not limited to, credit union service organizations.

(2) Before entering into any commercial arrangements, a credit union's board must adopt a written policy regarding such arrangements. At a minimum, the policy should provide for the:

- (a) Evaluation of potential risk of liability; and
- (b) Approval of each arrangement, whether by the board or management pursuant to established guidelines.

(3) Before entering into or renewing each commercial arrangement, a credit union must:

- (a) Ensure that the arrangement is a prudent one and that it does not present safety and

soundness risks to the credit union;

(b) Evaluate the potential risk of liability and ensure that the credit union takes appropriate precautions to reduce or offset such risk, including, but not limited to, the use of such devices as disclaimers/disclosures to members and bond or insurance coverage; and

(c) Ensure that the contract evidencing the arrangement includes provision for indemnification of the credit union by the third party.

(4) Credit unions must comply with applicable laws in entering into and carrying out commercial arrangements, including, but not limited to, any applicable federal or state law on privacy of member information.

(5) This section does not apply to situations where a credit union provides its own products or services to members.

*[Statutory Authority: RCW 31.12.516(2), 43.320.040, 00-22-037, § 208-440-010, filed 10/25/00, effective 11/25/00. Statutory Authority: RCW 42.320.040 [43.320.040] and 31.12.535, 96-17-071, § 208-440-010, filed 8/20/96, effective 9/20/96. 96-06-011, recodified as § 208-440-010, filed 2/23/96, effective 6/1/96. Statutory Authority: RCW 31.12.360, 79-08-047 (Order 79-2), § 419-40-010, filed 7/19/79.]*